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FEDERAL ELECTION COMMISSION
FIRST GENERAL COUNSEL'S REPORT

MUR 7341

DATE COMPLAINT FILED: March 6, 2018
DATE OF NOTIFICATIONS: March 8, 2018;
October 12, 2018
DATE OF LAST RESPONSE: May 31, 2018
DATE ACTIVATED: August 23, 2018

EXPIRATION OF SOL: March 10, 2020 (earliest)/
May 2, 2023 (latest)
ELECTION CYCLES: 2016, 2018

COMPLAINANT: Timothy B. Belch

RESPONDENTS: Philip J. Law
Law for Congress and Laurie Breininger in her official
capacity as treasurer¹
Law for Congress and Kristin Laney in her official
capacity as treasurer
Laurie Jean Breininger
Beth Ann Garcia
Lynn Johnson
John-Michael George Allaire

**RELEVANT STATUTES
AND REGULATIONS:** 52 U.S.C. § 30114(b)
52 U.S.C. § 30116(a), (f)
52 U.S.C. § 30122
11 C.F.R. § 100.33(b)(6)
11 C.F.R. § 110.4(b)
11 C.F.R. § 113.1(g)(6)

INTERNAL REPORTS Disclosure Reports

CHECKED:

AGENCIES CHECKED: None

¹ On June 13, 2016, the Reports Analysis Division approved Law for Congress's termination. See Termination Approval 2016 (June 13, 2016). In the 2018 election cycle, Law formed Law for Congress as his principal campaign committee under a different committee identification number. Respondent Garcia started as treasurer, and was later replaced by Kristin Laney on February 1, 2018. See Statement of Organization (May 25, 2017); Amended Statement of Organization (Feb. 1, 2018).

1 **I. INTRODUCTION**

2
3 The Complaint alleges that Congressional candidate Philip Law, an unsuccessful
4 candidate in the Republican primary for North Carolina's third congressional district in 2016 and
5 2018, violated the Federal Election Campaign Act of 1971, as amended (the "Act"), by accepting
6 contributions in the name of another and by accepting excessive contributions from family
7 members in the form of gifts and payments of personal expenses. Based on the available
8 information, we recommend that the Commission find no reason to believe that Respondents
9 violated 52 U.S.C. §§ 30122 or 30116(a) or (f), and close the file.

10 **II. FACTUAL BACKGROUND**

11 During the first several days of Law's 2016 campaign for the House of Representatives,
12 Law for Congress received 23 contributions, some of which were allegedly from members of
13 Law's family, including many in the maximum amount of \$2,700.² In total, Law for Congress
14 received \$34,900 from 14 contributors who are or allegedly are members of Law's family.³

15 The Complaint concludes that "the number of extended family members who made the
16 maximum individual contribution in the first few weeks of the campaign before the first filing
17 deadline ... strains credulity," and infers that the individuals may not have contributed their own
18 personal funds.⁴ Although the Complaint suggests that 19 contributions were from Law's family
19 members, the Complaint specifically identifies one contributor, John-Michael George Allaire,
20 Law's unemployed college student brother, as someone unlikely to have personal funds

² Compl. at 1-2 (Mar. 6, 2018); Law for Congress April Quarterly 2015 at 5-11 (Mar. 26, 2015).

³ See Law for Congress April Quarterly 2015 at 5-11 (Mar. 26, 2015). The Complaint alleges that the Beasleys, Breiningers, and Garcias are Law's family members. This figure includes a "Starling" as a related family member because another contributor, "Breininger-Starling," indicates a familial relationship. It is unclear whether the remaining contributors with other last names are also related to Law.

⁴ Compl. at 2.

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1 sufficient to contribute \$2,700 to Law's campaign.⁵ As for the 2018 election cycle, the
2 Complaint alleges that Law "may be about" to violate the Act using similar unlawful tactics.⁶

3 The Complaint also alleges that Law's extended family must have financially supported
4 him during his candidacy, resulting in the family members making excessive contributions to the
5 campaign. Relying on Law's Financial Disclosure Reports filed with the House of
6 Representative as well as public records, the Complaint suggests that Law did not have sufficient
7 personal funds to support his family during his campaigns or to make loans and contributions to
8 his campaign totaling \$35,900 during the 2016 cycle.⁷ Law allegedly took a leave of absence
9 from his regular job in the spring of 2015 to campaign and reported only \$11,648 of earned
10 income and "modest" unearned income for 2015.⁸ During the 2018 election cycle, Law sold his
11 house for a loss on December 21, 2017, and allegedly had additional financial obligations,
12 including two additional mortgages for two homes in Wake County, North Carolina.⁹

13 The Commission received separate responses from Philip Law, Law for Congress and
14 Laurie Breininger in her official capacity as treasurer, Law's Aunt Laurie Breininger in her
15 individual capacity, Law for Congress and Kristin Laney in her official capacity as treasurer,
16 Allaire, Law's mother Beth Ann Garcia, and Law's Aunt Lynn Johnson.

17 Respondents deny the existence of any reimbursement scheme, suggesting that Law's
18 family donated time and money to the campaign because they were excited by Law running for

⁵ *Id.*

⁶ *Id.* at 3.

⁷ *Id.* at 2. According to Law's Response, the \$35,900 consisted of a repaid \$8,500 loan, a cash contribution of \$5,000, in-kind contributions of \$14,635, and in-kind contributions of \$7,765 solely derived from the campaign's use of Law's personally owned RV. See Law Resp. at 1 (May 2, 2018).

⁸ Compl. at 2, Exs. 2-3. The "modest" unearned income was derived from stock dividends and interest. *Id.*, Ex. 2.

⁹ *Id.* at 3, Exs. 8-12.

1 public office.¹⁰ Law acknowledges that he has two successful aunts, Breininger and Johnson,
2 who have supported him financially for many years, but both Breininger and Johnson explicitly
3 deny that they reimbursed any contributions to Law's campaign.¹¹

4 Allaire similarly denies any reimbursement scheme, stating that he had sufficient
5 personal funds to contribute \$2,700 to his brother's campaign.¹² Allaire's mother, Garcia,
6 corroborates that account by affirming that she transferred her son an allowance to cover his
7 living expenses while at college but did not control how Allaire spent his allowance.¹³ Garcia
8 further states that she did not transfer any additional funds beyond Allaire's customary allowance
9 that would have reimbursed Allaire's \$2,700 contribution to his brother's campaign.¹⁴ Finally,
10 Garcia states that her personal contributions to Law's campaign were comprised solely of her
11 personal funds.¹⁵

12 Law also asserts that he had personal funds totaling \$164,735.41, which was sufficient to
13 support his family during the 2016 campaign.¹⁶ He states that he was not required to disclose on
14 the House Financial Disclosure Report all of his available income, including "U.S. Marine Corps
15 disability pay, federal and state tax refunds, and proceeds from the sale of my personal gun
16 collection..."¹⁷ Law specifically identifies a bank account containing \$11,506.95, the sale of

¹⁰ See, e.g., Law for Congress and Breininger Resp. at 1 (Apr. 27, 2018).

¹¹ Law Resp. at 2; Law for Congress and Breininger Resp. at 1; Johnson Resp. at 1 (May 31, 2018).

¹² Allaire Resp. at 1 (Apr. 30, 2018).

¹³ Garcia Resp. at 1 (Apr. 27, 2018).

¹⁴ *Id.*

¹⁵ *Id.* at 1-2.

¹⁶ Law resp. at 2.

¹⁷ *Id.* at 1-2.

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1 stock in the amount of \$12,022.66, the sale of guns from his personal collection in the amount of
2 \$16,070, and proceeds from a yard sale of \$1,200.¹⁸

3 **III. LEGAL ANALYSIS**

4 **A. There Is No Reason to Believe that Law's Campaigns Accepted Contributions in**
5 **the Name of Another**

6
7 The Complaint alleges that Law's family members made, and the Committee accepted,
8 contributions in the name of another during the 2016 election, and that during the 2018 election
9 Law "may be about to violate the Act and applicable FEC regulations once again."¹⁹ The Act
10 and Commission regulations provide that no person shall make a contribution in the name of
11 another person or knowingly permit his or her name to be used to effect such a contribution.²⁰
12 Candidates, their committees, and their agents are also prohibited from knowingly accepting
13 contributions that exceed the Act's limits and contributions made in the name of another.²¹

14 The Complaint's allegations are not supported by the available record for either election
15 cycle. Notably, the Complaint does not specify either the source or the conduits for the allegedly
16 reimbursed contributions. Instead, the Complaint refers to the wealth of Johnson and Breininger
17 to infer that they had the means to reimburse the contributions.²² However, both Johnson and

¹⁸ *Id.* at 2. Law states that he and his wife secured a "personal loan" for \$34,488.51 on March 13, 2015, which he claims was not "for the purpose of contributing to my campaign..." *Id.* The Complaint does not allege any violation with respect to this personal loan, although it was disclosed in Law's House Financial Disclosure Report. *Id.*, Ex. 2.

¹⁹ Compl. at 3.

²⁰ 52 U.S.C. § 30122; 11 C.F.R. § 110.4(b)(1)(i), (ii).

²¹ See 52 U.S.C. §§ 30116(f), 30122; 11 C.F.R. § 110.4(b)(1)(iv).

²² Compl. at 3-4.

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1 Breininger explicitly deny reimbursing any contributions, and the Complaint provides no
2 information that would tend to controvert those denials.

3 As for the conduit, the Complaint identifies only one contributor, Allaire, who allegedly
4 did not possess personal funds sufficient to contribute \$2,700 because he was an unemployed
5 college student. Allaire and his mother, Garcia, deny that he received any funds for the purpose
6 of making the contribution to Law, instead stating that Allaire used personal funds derived from
7 an allowance customarily provided by Allaire's parents to make the contribution.²³

8 Beyond alleging that Allaire could not afford such a contribution, the Complaint relies on
9 the fact that many of the 2016 cycle contributions were made on the same day from family
10 members in the maximum amount. Although the "clustering" of contributions is one factor that
11 can indicate a reimbursement scheme, it is not alone sufficient where the record does not contain
12 any additional information to suggest that contributions were made in the name of another.²⁴

13 Accordingly, we recommend that the Commission find no reason to believe that
14 Respondents violated 52 U.S.C. § 30122.

²³ See Advisory Op. 1988-07 (Bakal) (finding that annual gifts from the candidate's parents in the same amount were considered personal funds).

²⁴ See Factual and Legal Analysis at 4, MUR 7091 (Friends of Patrick Murphy) ("F&LA") (finding no reason to believe where contributions of family members and associates were clustered but not supported by any additional information that the contributions were not made with personal funds); FL&A at 4-5, MUR 6990 (Friends of Patrick Murphy) (finding no reason to believe that a "donor swap" scheme violated the Act where the complaint failed to present facts that the contributions were not made with the personal funds of the contributors); F&LA at 12-13, MUR 6292 (Joe Walsh for Congress Committee, Inc.) (finding no reason to believe where the complainant lacked personal information about the identity, source or how the alleged family contributions in the name of another scheme was perpetrated); *but see* F&LA at 2, MUR 5305 (Rhodes Design and Development) (finding reason to believe where employees holding a wide range of positions all made the maximum contribution allowed under the Act in clusters of several dates, and respondents expressed a willingness to conciliate, thereby confirming that such a pattern indicated a conduit contribution scheme).

1 **B. There Is No Reason to Believe that Breininger and Johnson made, and Law for**
2 **Congress Accepted, Excessive Contributions**

3
4 The Complaint vaguely alleges that Law accepted excessive contributions from his
5 family members because he did not have enough personal funds to make contributions to his
6 campaign and support his family and, therefore, his relatives must have paid for his personal
7 expenses during the campaign.²⁵ "Personal funds" of a candidate are defined to include income
8 received during the election cycle, including gifts of a personal nature that had been customarily
9 received by a candidate prior to the beginning of the election cycle.²⁶ The Commission has
10 explained, "If [a] third party is continuing a series of payments that were made before the
11 beginning of the candidacy, the Commission considers this convincing evidence that the
12 payment would have been made irrespective of the candidacy, and therefore should not be
13 considered a contribution."²⁷

14 Respondents explain that Breininger and Johnson have a long history of financially
15 supporting Law in the form of tuition payments, family vacations, summer camp for Law's
16 children, shopping trips, and gifts during the holidays, and they continued these payments during

²⁵ Compl. at 2-3. The Act defines a contribution as "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office. 52 U.S.C. § 30101(8). During the 2016 and 2018 election cycles, the Act prohibited any person from making contributions to any candidate and the candidate's authorized political committee with respect to any election for Federal office which, in the aggregate, exceeded \$2,700. 52 U.S.C. § 30116(a). Contribution limits also apply to a candidate's family members. *See Buckley v. Valeo*, 424 U.S. 1, 51 n.57, 53 n.59 (1976) (upholding the constitutionality of contribution limits as to family members, reasoning that, "[a]lthough the risk of improper influence is somewhat diminished in the case of large contributions from immediate family members, we cannot say that the danger is sufficiently reduced to bar Congress from subjecting family members to the same limitations as nonfamily contributors.").

²⁶ 11 C.F.R. § 100.33(b)(6).

²⁷ Explanation and Justification, Third Party Payments of Personal Use Expenses, 60 Fed. Reg. 7862, 7871 (Feb. 9, 1995) ("For example, if the parents of a candidate had been making college tuition payments for the candidate's children, the parents could continue to do so during the candidacy without making a contribution."). *See also* 11 C.F.R. § 113.1(g)(6)(iii); *see also* Advisory Op. 2008-17 (KITPAC) at 4 ("AO").

1 Law's campaign.²⁸ Breininger and Johnson assert that they would have given these gifts to Law
2 irrespective of whether Law was a candidate for federal office, and the Complaint does not
3 provide any information that contradicts their statements. Given the longstanding history of gift-
4 giving and the lack of any information that Breininger and Johnson's gifts to Law changed in
5 character or amount due to his candidacy, Breininger and Johnson's gifts and payments of Law's
6 expenses appear to have been made irrespective of the campaign and, therefore, are not
7 contributions.²⁹ Moreover, Law asserts that he had personal funds totaling \$164,735.41 in the
8 2016 cycle which he used to support his family and make contributions to his campaign.
9 Accordingly, we recommend that the Commission find no reason to believe that Johnson and
10 Breininger made, and Law for Congress accepted, excessive contributions in violation of
11 52 U.S.C. § 30116(a) and (f).

12 IV. RECOMMENDATIONS

- 13 1. Find no reason to believe that Law for Congress and Kristin Laney in her official
14 capacity as treasurer, Law for Congress and Laurie Breininger in her official capacity
15 as treasurer, Philip Law, Laurie Breininger, Beth Ann Garcia, Lynn Johnson, or John-
16 Michael George Allaire violated 52 U.S.C. § 30122 by making or accepting
17 contributions in the name of another;
18
- 19 2. Find no reason to believe that Law for Congress and Kristin Laney in her official
20 capacity as treasurer, Law for Congress and Laurie Breininger in her official capacity
21 as treasurer, Philip Law, Laurie Breininger, Lynn Johnson, violated 52 U.S.C.
22 § 30116(a) and (f);
23
- 24 3. Approve the attached Factual and Legal Analysis;

²⁸ Law Resp. at 2-3; Law for Congress and Breininger Resp. 3-4; Johnson Resp. at 1.

²⁹ 11 C.F.R. § 100.33(b)(6); 11 C.F.R. § 113.1(g)(6)(iii); *see also* AO 2008-17 at 4 (KITPAC) ("The third-party payment provision asks whether the payment would have been made by the third party irrespective of the Federal candidate's candidacy for office. In other words, would the third party pay the expense if the candidate was not running for Federal office? If the answer is yes, then the payment does not constitute a contribution."); F&LA at 6-7, MUR 7025 (Friends of Mike Lee) (finding no reason to believe that the short sale of a home, and resulting waiver of the balance of a mortgage, constituted a contribution because the personal transaction had no nexus with the campaign.); *Cf.* AO 2000-08 (Harvey) (one time anonymous gift of \$10,000 to be used only for personal expenses of a candidate deemed a contribution).

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- 4. Approve the appropriate letters;
- 5. Close the file.

12/20/18
Date

Lisa J. Stevenson
Acting General Counsel

Kathleen M. Guith
Kathleen M. Guith
Associate General Counsel for
Enforcement

Lynn Y. Tran
Lynn Y. Tran
Assistant General Counsel

Nicholas I. Bamman
Nicholas I. Bamman
Attorney

Attachment:
Factual and Legal Analysis

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1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENTS:** Philip J. Law MUR: 7341
4 Law for Congress and Laurie Breininger
5 in her official capacity as treasurer¹
6 Law for Congress and Kristin Laney
7 in her official capacity as treasurer
8 Laurie Jean Breininger
9 Beth Ann Garcia
10 Lynn Johnson
11 John-Michael George Allaire
12

13 **I. INTRODUCTION**

14
15 This matter was generated by a complaint filed with the Federal Election Commission by
16 Timothy Belch. *See* 52 U.S.C. § 30109(a)(1). The Complaint alleges that Congressional
17 candidate Philip Law, an unsuccessful candidate in the Republican primary for North Carolina's
18 third congressional district in 2016 and 2018, violated the Federal Election Campaign Act of
19 1971, as amended (the "Act"), by accepting contributions in the name of another and by
20 accepting excessive contributions from family members in the form of gifts and payments of
21 personal expenses. Based on the available information, the Commission finds no reason to
22 believe that Respondents violated 52 U.S.C. §§ 30122 or 30116(a) or (f).

23 **II. FACTUAL BACKGROUND**

24 During the first several days of Law's 2016 campaign for the House of Representatives,
25 Law for Congress received 23 contributions, some of which were allegedly from members of

¹ On June 13, 2016, the Reports Analysis Division approved Law for Congress's termination. *See* Termination Approval 2016 (June 13, 2016). In the 2018 election cycle, Law formed Law for Congress as his principal campaign committee under a different committee identification number. Respondent Garcia started as treasurer, and was later replaced by Kristin Laney on February 1, 2018. *See* Statement of Organization (May 25, 2017); Amended Statement of Organization (Feb. 1, 2018).

1 Law's family, including many in the maximum amount of \$2,700.² In total, Law for Congress
2 received \$34,900 from 14 contributors who are or allegedly are members of Law's family.³

3 The Complaint concludes that "the number of extended family members who made the
4 maximum individual contribution in the first few weeks of the campaign before the first filing
5 deadline ... strains credulity," and infers that the individuals may not have contributed their own
6 personal funds.⁴ Although the Complaint suggests that 19 contributions were from Law's family
7 members, the Complaint specifically identifies one contributor, John-Michael George Allaire,
8 Law's unemployed college student brother, as someone unlikely to have personal funds
9 sufficient to contribute \$2,700 to Law's campaign.⁵ As for the 2018 election cycle, the
10 Complaint alleges that Law "may be about" to violate the Act using similar unlawful tactics.⁶

11 The Complaint also alleges that Law's extended family must have financially supported
12 him during his candidacy, resulting in the family members making excessive contributions to the
13 campaign. Relying on Law's Financial Disclosure Reports filed with the House of
14 Representative as well as public records, the Complaint suggests that Law did not have sufficient
15 personal funds to support his family during his campaigns or to make loans and contributions to
16 his campaign totaling \$35,900 during the 2016 cycle.⁷ Law allegedly took a leave of absence

² Compl. at 1-2 (Mar. 6, 2018); Law for Congress April Quarterly 2015 at 5-11 (Mar. 26, 2015).

³ See Law for Congress April Quarterly 2015 at 5-11 (Mar. 26, 2015). The Complaint alleges that the Beasleys, Breiningers, and Garcias are Law's family members. This figure includes a "Starling" as a related family member because another contributor, "Breinger-Starling," indicates a familial relationship. It is unclear whether the remaining contributors with other last names are also related to Law.

⁴ *Id.* at 2.

⁵ *Id.*

⁶ *Id.* at 3.

⁷ *Id.* at 2. According to Law's Response, the \$35,900 consisted of a repaid \$8,500 loan, a cash contribution of \$5,000, in-kind contributions of \$14,635, and in-kind contributions of \$7,765 solely derived from the campaign's use of Law's personally owned RV. See Law Resp. at 1 (May 2, 2018).

1 from his regular job in the spring of 2015 to campaign and reported only \$11,648 of earned
2 income and “modest” unearned income for 2015.⁸ During the 2018 election cycle, Law sold his
3 house for a loss on December 21, 2017, and allegedly had additional financial obligations,
4 including two additional mortgages for two homes in Wake County, North Carolina.⁹

5 The Commission received separate responses from Philip Law, Law for Congress and
6 Laurie Breininger in her official capacity as treasurer, Law’s Aunt Laurie Breininger in her
7 individual capacity, Law for Congress and Kristin Laney in her official capacity as treasurer,
8 Allaire, Law’s mother Beth Ann Garcia, and Law’s Aunt Lynn Johnson.

9 Respondents deny the existence of any reimbursement scheme, suggesting that Law’s
10 family donated time and money to the campaign because they were excited by Law running for
11 public office.¹⁰ Law acknowledges that he has two successful aunts, Breininger and Johnson,
12 who have supported him financially for many years, but both Breininger and Johnson explicitly
13 deny that they reimbursed any contributions to Law’s campaign.¹¹

14 Allaire similarly denies any reimbursement scheme, stating that he had sufficient
15 personal funds to contribute \$2,700 to his brother’s campaign.¹² Allaire’s mother, Garcia,
16 corroborates that account by affirming that she transferred her son an allowance to cover his
17 living expenses while at college but did not control how Allaire spent his allowance.¹³ Garcia
18 further states that she did not transfer any additional funds beyond Allaire’s customary allowance

⁸ Compl. at 2, Exs. 2-3. The “modest” unearned income was derived from stock dividends and interest. *Id.*, Ex. 2.

⁹ *Id.* at 3, Exs. 8-12.

¹⁰ *See, e.g.*, Law for Congress and Breininger Resp. at 1 (Apr. 27, 2018).

¹¹ Law Resp. at 2; Law for Congress and Breininger Resp. at 1; Johnson Resp. at 1 (May 31, 2018).

¹² Allaire Resp. at 1 (Apr. 30, 2018).

¹³ Garcia Resp. at 1 (Apr. 27, 2018).

1 another person or knowingly permit his or her name to be used to effect such a contribution.²⁰
2 Candidates, their committees, and their agents are also prohibited from knowingly accepting
3 contributions that exceed the Act's limits and contributions made in the name of another.²¹

4 The Complaint's allegations are not supported by the available record for either election
5 cycle. Notably, the Complaint does not specify either the source or the conduits for the allegedly
6 reimbursed contributions. Instead, the Complaint refers to the wealth of Johnson and Breininger
7 to infer that they had the means to reimburse the contributions.²² However, both Johnson and
8 Breininger explicitly deny reimbursing any contributions, and the Complaint provides no
9 information that would tend to controvert those denials.

10 As for the conduit, the Complaint identifies only one contributor, Allaire, who allegedly
11 did not possess personal funds sufficient to contribute \$2,700 because he was an unemployed
12 college student. Allaire and his mother, Garcia, deny that he received any funds for the purpose
13 of making the contribution to Law, instead stating that Allaire used personal funds derived from
14 an allowance customarily provided by Allaire's parents to make the contribution.²³

15 Beyond alleging that Allaire could not afford such a contribution, the Complaint relies on
16 the fact that many of the 2016 cycle contributions were made on the same day from family
17 members in the maximum amount. Although the "clustering" of contributions is one factor that

²⁰ 52 U.S.C. § 30122; 11 C.F.R. § 110.4(b)(1)(i), (ii).

²¹ See 52 U.S.C. §§ 30116(f), 30122; 11 C.F.R. § 110.4(b)(1)(iv).

²² Compl. at 3-4.

²³ See Advisory Op. 1988-07 (Bakal) (finding that annual gifts from the candidate's parents in the same amount were considered personal funds).

1 can indicate a reimbursement scheme, it is not alone sufficient where the record does not contain
2 any additional information to suggest that contributions were made in the name of another.²⁴

3 Accordingly, the Commission finds no reason to believe that Respondents violated
4 52 U.S.C. § 30122.

5 **B. There Is No Reason to Believe that Breininger and Johnson made, and Law for**
6 **Congress Accepted, Excessive Contributions**

7
8 The Complaint vaguely alleges that Law accepted excessive contributions from his
9 family members because he did not have enough personal funds to make contributions to his
10 campaign and support his family and, therefore, his relatives must have paid for his personal
11 expenses during the campaign.²⁵ “Personal funds” of a candidate are defined to include income
12 received during the election cycle, including gifts of a personal nature that had been customarily
13 received by a candidate prior to the beginning of the election cycle.²⁶ The Commission has
14 explained, “If [a] third party is continuing a series of payments that were made before the

²⁴ See Factual and Legal Analysis at 4, MUR 7091 (Friends of Patrick Murphy) (“F&LA”) (finding no reason to believe where contributions of family members and associates were clustered but not supported by any additional information that the contributions were not made with personal funds); FL&A at 4-5, MUR 6990 (Friends of Patrick Murphy) (finding no reason to believe that a “donor swap” scheme violated the Act where the complaint failed to present facts that the contributions were not made with the personal funds of the contributors); F&LA at 12-13, MUR 6292 (Joe Walsh for Congress Committee, Inc.) (finding no reason to believe where the complainant lacked personal information about the identity, source or how the alleged family contributions in the name of another scheme was perpetrated); *but see* F&LA at 2, MUR 5305 (Rhodes Design and Development) (finding reason to believe where employees holding a wide range of positions all made the maximum contribution allowed under the Act in clusters of several dates, and respondents expressed a willingness to conciliate, thereby confirming that such a pattern indicated a conduit contribution scheme).

²⁵ Compl. at 2-3. The Act defines a contribution as “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office. 52 U.S.C. § 30101(8). During the 2016 and 2018 election cycles, the Act prohibited any person from making contributions to any candidate and the candidate’s authorized political committee with respect to any election for Federal office which, in the aggregate, exceeded \$2,700. 52 U.S.C. § 30116(a). Contribution limits also apply to a candidate’s family members. See *Buckley v. Valeo*, 424 U.S. 1, 51 n.57, 53 n.59 (1976) (upholding the constitutionality of contribution limits as to family members, reasoning that, “[a]lthough the risk of improper influence is somewhat diminished in the case of large contributions from immediate family members, we cannot say that the danger is sufficiently reduced to bar Congress from subjecting family members to the same limitations as nonfamily contributors.”).

²⁶ 11 C.F.R. § 100.33(b)(6).

1 beginning of the candidacy, the Commission considers this convincing evidence that the
2 payment would have been made irrespective of the candidacy, and therefore should not be
3 considered a contribution.”²⁷

4 Respondents explain that Breininger and Johnson have a long history of financially
5 supporting Law in the form of tuition payments, family vacations, summer camp for Law’s
6 children, shopping trips, and gifts during the holidays, and they continued these payments during
7 Law’s campaign.²⁸ Breininger and Johnson assert that they would have given these gifts to Law
8 irrespective of whether Law was a candidate for federal office, and the Complaint does not
9 provide any information that contradicts their statements. Given the longstanding history of gift-
10 giving and the lack of any information that Breininger and Johnson’s gifts to Law changed in
11 character or amount due to his candidacy, Breininger and Johnson’s gifts and payments of Law’s
12 expenses appear to have been made irrespective of the campaign and, therefore, are not
13 contributions.²⁹ Moreover, Law asserts that he had personal funds totaling \$164,735.41 in the
14 2016 cycle, which he used to support his family and make contributions to his campaign.
15 Accordingly, the Commission finds no reason to believe that Johnson and Breininger made, and
16 Law for Congress accepted, excessive contributions in violation of 52 U.S.C. § 30116(a) and (f).

²⁷ Explanation and Justification, Third Party Payments of Personal Use Expenses, 60 Fed. Reg. 7862, 7871 (Feb. 9, 1995) (“For example, if the parents of a candidate had been making college tuition payments for the candidate’s children, the parents could continue to do so during the candidacy without making a contribution.”). See also 11 C.F.R. § 113.1(g)(6)(iii); see also Advisory Op. 2008-17 (KITPAC) at 4 (“AO”).

²⁸ Law Resp. at 2-3; Law for Congress and Breininger Resp. 3-4; Johnson Resp. at 1.

²⁹ 11 C.F.R. § 100.33(b)(6); 11 C.F.R. § 113.1(g)(6)(iii); see also AO 2008-17 at 4 (KITPAC) (“The third-party payment provision asks whether the payment would have been made by the third party irrespective of the Federal candidate’s candidacy for office. In other words, would the third party pay the expense if the candidate was not running for Federal office? If the answer is yes, then the payment does not constitute a contribution.”); F&LA at 6-7, MUR 7025 (Friends of Mike Lee) (finding no reason to believe that the short sale of a home, and resulting waiver of the balance of a mortgage, constituted a contribution because the personal transaction had no nexus with the campaign.); Cf. AO 2000-08 (Harvey) (one time anonymous gift of \$10,000 to be used only for personal expenses of a candidate deemed a contribution).

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1 Law's family, including many in the maximum amount of \$2,700.² In total, Law for Congress
2 received \$34,900 from 14 contributors who are or allegedly are members of Law's family.³

3 The Complaint concludes that "the number of extended family members who made the
4 maximum individual contribution in the first few weeks of the campaign before the first filing
5 deadline ... strains credulity," and infers that the individuals may not have contributed their own
6 personal funds.⁴ Although the Complaint suggests that 19 contributions were from Law's family
7 members, the Complaint specifically identifies one contributor, John-Michael George Allaire,
8 Law's unemployed college student brother, as someone unlikely to have personal funds
9 sufficient to contribute \$2,700 to Law's campaign.⁵ As for the 2018 election cycle, the
10 Complaint alleges that Law "may be about" to violate the Act using similar unlawful tactics.⁶

11 The Complaint also alleges that Law's extended family must have financially supported
12 him during his candidacy, resulting in the family members making excessive contributions to the
13 campaign. Relying on Law's Financial Disclosure Reports filed with the House of
14 Representative as well as public records, the Complaint suggests that Law did not have sufficient
15 personal funds to support his family during his campaigns or to make loans and contributions to
16 his campaign totaling \$35,900 during the 2016 cycle.⁷ Law allegedly took a leave of absence

² Compl. at 1-2 (Mar. 6, 2018); Law for Congress April Quarterly 2015 at 5-11 (Mar. 26, 2015).

³ See Law for Congress April Quarterly 2015 at 5-11 (Mar. 26, 2015). The Complaint alleges that the Beasleys, Breiningers, and Garcias are Law's family members. This figure includes a "Starling" as a related family member because another contributor, "Breininger-Starling," indicates a familial relationship. It is unclear whether the remaining contributors with other last names are also related to Law.

⁴ *Id.* at 2.

⁵ *Id.*

⁶ *Id.* at 3.

⁷ *Id.* at 2. According to Law's Response, the \$35,900 consisted of a repaid \$8,500 loan, a cash contribution of \$5,000, in-kind contributions of \$14,635, and in-kind contributions of \$7,765 solely derived from the campaign's use of Law's personally owned RV. See Law Resp. at 1 (May 2, 2018).

1 from his regular job in the spring of 2015 to campaign and reported only \$11,648 of earned
2 income and “modest” unearned income for 2015.⁸ During the 2018 election cycle, Law sold his
3 house for a loss on December 21, 2017, and allegedly had additional financial obligations,
4 including two additional mortgages for two homes in Wake County, North Carolina.⁹

5 The Commission received separate responses from Philip Law, Law for Congress and
6 Laurie Breininger in her official capacity as treasurer, Law’s Aunt Laurie Breininger in her
7 individual capacity, Law for Congress and Kristin Laney in her official capacity as treasurer,
8 Allaire, Law’s mother Beth Ann Garcia, and Law’s Aunt Lynn Johnson.

9 Respondents deny the existence of any reimbursement scheme, suggesting that Law’s
10 family donated time and money to the campaign because they were excited by Law running for
11 public office.¹⁰ Law acknowledges that he has two successful aunts, Breininger and Johnson,
12 who have supported him financially for many years, but both Breininger and Johnson explicitly
13 deny that they reimbursed any contributions to Law’s campaign.¹¹

14 Allaire similarly denies any reimbursement scheme, stating that he had sufficient
15 personal funds to contribute \$2,700 to his brother’s campaign.¹² Allaire’s mother, Garcia,
16 corroborates that account by affirming that she transferred her son an allowance to cover his
17 living expenses while at college but did not control how Allaire spent his allowance.¹³ Garcia
18 further states that she did not transfer any additional funds beyond Allaire’s customary allowance

⁸ Compl. at 2, Exs. 2-3. The “modest” unearned income was derived from stock dividends and interest. *Id.*, Ex. 2.

⁹ *Id.* at 3, Exs. 8-12.

¹⁰ *See, e.g.*, Law for Congress and Breininger Resp. at 1 (Apr. 27, 2018).

¹¹ Law Resp. at 2; Law for Congress and Breininger Resp. at 1; Johnson Resp. at 1 (May 31, 2018).

¹² Allaire Resp. at 1 (Apr. 30, 2018).

¹³ Garcia Resp. at 1 (Apr. 27, 2018).

1 that would have reimbursed Allaire's \$2,700 contribution to his brother's campaign.¹⁴ Finally,
2 Garcia states that her personal contributions to Law's campaign were comprised solely of her
3 personal funds.¹⁵

4 Law also asserts that he had personal funds totaling \$164,735.41, which was sufficient to
5 support his family during the 2016 campaign.¹⁶ He states that he was not required to disclose on
6 the House Financial Disclosure Report all of his available income, including "U.S. Marine Corps
7 disability pay, federal and state tax refunds, and proceeds from the sale of my personal gun
8 collection..."¹⁷ Law specifically identifies a bank account containing \$11,506.95, the sale of
9 stock in the amount of \$12,022.66, the sale of guns from his personal collection in the amount of
10 \$16,070, and proceeds from a yard sale of \$1,200.¹⁸

11 III. LEGAL ANALYSIS

12 A. There Is No Reason to Believe that Law's Campaigns Accepted Contributions in 13 the Name of Another

14 The Complaint alleges that Law's family members made, and the Committee accepted,
15 contributions in the name of another during the 2016 election, and that during the 2018 election
16 Law "may be about to violate the Act and applicable FEC regulations once again."¹⁹ The Act
17 and Commission regulations provide that no person shall make a contribution in the name of
18

14 *Id.*

15 *Id.* at 1-2.

16 Law resp. at 2.

17 *Id.* at 1-2.

18 *Id.* at 2. Law states that he and his wife secured a "personal loan" for \$34,488.51 on March 13, 2015, which he claims was not "for the purpose of contributing to my campaign..." *Id.* The Complaint does not allege any violation with respect to this personal loan, although it was disclosed in Law's House Financial Disclosure Report. *Id.*, Ex. 2.

19 Compl. at 3.

1 another person or knowingly permit his or her name to be used to effect such a contribution.²⁰
2 Candidates, their committees, and their agents are also prohibited from knowingly accepting
3 contributions that exceed the Act's limits and contributions made in the name of another.²¹

4 The Complaint's allegations are not supported by the available record for either election
5 cycle. Notably, the Complaint does not specify either the source or the conduits for the allegedly
6 reimbursed contributions. Instead, the Complaint refers to the wealth of Johnson and Breininger
7 to infer that they had the means to reimburse the contributions.²² However, both Johnson and
8 Breininger explicitly deny reimbursing any contributions, and the Complaint provides no
9 information that would tend to controvert those denials.

10 As for the conduit, the Complaint identifies only one contributor, Allaire, who allegedly
11 did not possess personal funds sufficient to contribute \$2,700 because he was an unemployed
12 college student. Allaire and his mother, Garcia, deny that he received any funds for the purpose
13 of making the contribution to Law, instead stating that Allaire used personal funds derived from
14 an allowance customarily provided by Allaire's parents to make the contribution.²³

15 Beyond alleging that Allaire could not afford such a contribution, the Complaint relies on
16 the fact that many of the 2016 cycle contributions were made on the same day from family
17 members in the maximum amount. The record, however, does not contain any additional
18 information to suggest that contributions were made in the name of another.²⁴

²⁰ 52 U.S.C. § 30122; 11 C.F.R. § 110.4(b)(1)(i), (ii).

²¹ See 52 U.S.C. §§ 30116(f), 30122; 11 C.F.R. § 110.4(b)(1)(iv).

²² Compl. at 3-4.

²³ See Advisory Op. 1988-07 (Bakal) (finding that annual gifts from the candidate's parents in the same amount were considered personal funds).

²⁴ See Factual and Legal Analysis at 4, MUR 7091 (Friends of Patrick Murphy) ("F&LA") (finding no reason to believe where the timing of contributions of family members and associates was questioned by the Complaint, but there was no additional information that the contributions were not made with personal funds); FL&A at 4-5, MUR

1 Accordingly, the Commission finds no reason to believe that Respondents violated
2 52 U.S.C. § 30122.

3 **B. There Is No Reason to Believe that Breininger and Johnson made, and Law for**
4 **Congress Accepted, Excessive Contributions**

5
6 The Complaint vaguely alleges that Law accepted excessive contributions from his
7 family members because he did not have enough personal funds to make contributions to his
8 campaign and support his family and, therefore, his relatives must have paid for his personal
9 expenses during the campaign.²⁵ “Personal funds” of a candidate are defined to include income
10 received during the election cycle, including gifts of a personal nature that had been customarily
11 received by a candidate prior to the beginning of the election cycle.²⁶ The Commission has
12 explained, “If [a] third party is continuing a series of payments that were made before the
13 beginning of the candidacy, the Commission considers this convincing evidence that the

6990 (Friends of Patrick Murphy) (finding no reason to believe that a “donor swap” scheme violated the Act where the complaint failed to present facts that the contributions were not made with the personal funds of the contributors); F&LA at 12-13, MUR 6292 (Joe Walsh for Congress Committee, Inc.) (finding no reason to believe where the complainant lacked personal information about the identity, source or how the alleged family contributions in the name of another scheme was perpetrated); *but see* F&LA at 2, MUR 5305 (Rhodes Design and Development) (finding reason to believe where employees holding a wide range of positions all made the maximum contribution allowed under the Act in clusters of several dates, and respondents expressed a willingness to conciliate, thereby confirming that such a pattern indicated a conduit contribution scheme).

²⁵ Compl. at 2-3. The Act defines a contribution as “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.” 52 U.S.C. § 30101(8). During the 2016 and 2018 election cycles, the Act prohibited any person from making contributions to any candidate and the candidate’s authorized political committee with respect to any election for Federal office which, in the aggregate, exceeded \$2,700. 52 U.S.C. § 30116(a). Contribution limits also apply to a candidate’s family members. *See Buckley v. Valeo*, 424 U.S. 1, 51 n.57, 53 n.59 (1976) (upholding the constitutionality of contribution limits as to family members, reasoning that, “[a]lthough the risk of improper influence is somewhat diminished in the case of large contributions from immediate family members, we cannot say that the danger is sufficiently reduced to bar Congress from subjecting family members to the same limitations as nonfamily contributors.”).

²⁶ 11 C.F.R. § 100.33(b)(6).

1 payment would have been made irrespective of the candidacy, and therefore should not be
2 considered a contribution.”²⁷

3 Respondents explain that Breininger and Johnson have a long history of financially
4 supporting Law in the form of tuition payments, family vacations, summer camp for Law’s
5 children, shopping trips, and gifts during the holidays, and they continued these payments during
6 Law’s campaign.²⁸ Breininger and Johnson assert that they would have given these gifts to Law
7 irrespective of whether Law was a candidate for federal office, and the Complaint does not
8 provide any information that contradicts their statements. Given the longstanding history of gift-
9 giving and the lack of any information that Breininger and Johnson’s gifts to Law changed in
10 character or amount due to his candidacy, Breininger and Johnson’s gifts and payments of Law’s
11 expenses appear to have been made irrespective of the campaign and, therefore, are not
12 contributions.²⁹ Moreover, Law asserts that he had personal funds totaling \$164,735.41 in the
13 2016 cycle, which he used to support his family and make contributions to his campaign.
14 Accordingly, the Commission finds no reason to believe that Johnson and Breininger made, and
15 Law for Congress accepted, excessive contributions in violation of 52 U.S.C. § 30116(a) and (f).

²⁷ Explanation and Justification, Third Party Payments of Personal Use Expenses, 60 Fed. Reg. 7862, 7871 (Feb. 9, 1995) (“For example, if the parents of a candidate had been making college tuition payments for the candidate’s children, the parents could continue to do so during the candidacy without making a contribution.”). See also 11 C.F.R. § 113.1(g)(6)(iii); see also Advisory Op. 2008-17 (KITPAC) at 4 (“AO”).

²⁸ Law Resp. at 2-3; Law for Congress and Breininger Resp. 3-4; Johnson Resp. at 1.

²⁹ 11 C.F.R. § 100.33(b)(6); 11 C.F.R. § 113.1(g)(6)(iii); see also AO 2008-17 at 4 (KITPAC) (“The third-party payment provision asks whether the payment would have been made by the third party irrespective of the Federal candidate’s candidacy for office. In other words, would the third party pay the expense if the candidate was not running for Federal office? If the answer is yes, then the payment does not constitute a contribution.”); F&LA at 6-7, MUR 7025 (Friends of Mike Lee) (finding no reason to believe that the short sale of a home, and resulting waiver of the balance of a mortgage, constituted a contribution because the personal transaction had no nexus with the campaign.); Cf. AO 2000-08 (Harvey) (one time anonymous gift of \$10,000 to be used only for personal expenses of a candidate deemed a contribution).